

Sustainability Progress Report by Group Chairman and Group CEO

Dear Stakeholders,

At CIMB, we lead with a difference because we believe that the long-term prosperity of the communities we serve is intrinsically linked to the health of our planet. The stability of economies, the wellbeing and security of our customers and the legacy we leave for our future generations are material in every business decision we make.

The journey through 2023 has been marked by resilience and proactive engagement for CIMB Group. Amidst the headwinds of a global economic slowdown, heightened by regional unrest and the ripple effects of inflation, we have stood firm in our commitment to sustainability.

The extreme weather events we have encountered – from record-breaking heatwaves to devastating natural disasters causing crop failures, supply chain disruptions, and widespread economic hardship – tested our resolve, while amplifying the urgency for climate action. Yet, awareness and rhetoric are not enough. In September, the Global Stocktake Synthesis (Stocktake) report left no room for doubt – the world is falling short in limiting warming to 1.5 degree Celsius.

The Stocktake has underscored the interdependence of environmental health and economic stability, catalysing our efforts and fortifying our dedication to responsible banking. It has also united the international community in a shared mission. The Glasgow Financial Alliance for Net Zero's commitment to a low-carbon economy, the Kunming-Montreal Global Biodiversity Framework's biodiversity conservation goals and the EU Corporate Social Reporting Directive's push for transparent supply chains have all been pivotal in propelling our sustainability journey forward.

In ASEAN, the shift towards a sustainable future is gaining remarkable speed. Countries are setting out detailed plans

for energy transition. Concurrently, a wave of corporate consciousness is sweeping through our markets, evident in the increasing number of companies that are pledging to adopt science-based decarbonisation strategies and actively integrating these frameworks into their operations. These initiatives, reflective of a broader awakening to the urgent demands of climate stewardship, resonate deeply with CIMB's aspirations.

This collective wave of efforts regionally has provided strong tailwinds to help accelerate our Forward23+ sustainability strategy, which is built on CIMB's intrinsic motivation for environmental and social responsibility. Beyond just reaching our ambitious sustainability targets, we are surpassing them, often ahead of schedule. This progress is a testament to the robustness of our approach and the dedication of our teams. It signals to our stakeholders – customers, investors, partners and the communities we serve – that our commitment to sustainability is not just a promise; it is a guiding principle embedded in every decision we make and action we take.

We are pleased to share our key achievements over the past year.



We aim to expand our sustainable finance solutions guided by our GSSIPS framework as we strive to deliver net positive impact across ASEAN.

STRONG TRACTION IN SUSTAINABLE FINANCE


We made progress in advancing sustainable finance under our Green, Social, Sustainable Impact Products and Services (GSSIPS) Framework. Having surpassed our target this year to mobilise RM60 billion by 2024, we are encouraged to raise the bar even higher. Our new 2024 sustainable finance target is now RM100 billion, more than triple our initial target announced in 2021.

In 2023, we mobilised RM32.4 billion in sustainable finance to support our clients in their journeys towards a low-carbon and sustainable economy. Financing was channelled towards improving operational efficiencies to reduce greenhouse gas emissions, ramping up energy transition measures, as well as investing in affordable housing, low-carbon transportation solutions and supporting our customers' aspirations for a more sustainable lifestyle.

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DRIVING AN EQUITABLE TRANSITION TO NET ZERO

Our sustainability journey in 2023 was marked by two key accomplishments that share a common thread – our commitment to an equitable and sustainable future, exemplifying how we are leading with a difference in the industry and fostering positive change that extends beyond our organisation.

First, we published an in-depth whitepaper which crystallises our Net Zero 2050 pathway in key sectors that we finance. “Our Path to Net Zero: Charting a Course to Decarbonisation” whitepaper  provides an overview of the approach and methodologies taken to set our 2030 Net Zero targets that are aligned to science-based pathways, in line with a 1.5 degree Celsius scenario, and outlines high-level transition strategies for our Palm Oil, Power, Coal and Cement portfolios.

Secondly, we made history as the first bank globally to set and publish a science-based decarbonisation strategy for Palm Oil and the first Malaysian bank to establish one for the Power sector. By 2030, we aim to reduce the emissions intensity in our Palm Oil and Power portfolios by 16% and 38% respectively.

We firmly believe that the required transition to a low-carbon world must be compatible with positive economic, environmental and social outcomes. Balancing inclusive development with broader environmental sustainability goals lies at the heart of our approach, to ensure that the wider benefits of our sustainability efforts can be distributed more equitably across society.

The commitment to a just transition is why we actively engage with our clients, seek partnerships with like-minded organisations and promote the necessity and benefits of decarbonisation to clients who have not yet embarked on their sustainability journeys.

EMPOWERING SMEs

Our sustainability efforts are geared towards inclusive development, with a focus on Small and Medium-sized Enterprises (SMEs), which make up over 90% of businesses and nearly half of the GDP in Southeast Asia. Recognising the vital role of SMEs in employment and economic development, we continue to encourage them to adopt sustainable practices, especially as large multinational companies now demand greater transparency in supply chains.

In 2023 we enhanced our GreenBizReady™ programme, which gives SMEs access to partners and resources to enhance their competitiveness and promotes cost savings through sustainable practices. We launched a Sustainability-Linked Financing programme specifically for SMEs in Malaysia, which provides financial incentives to encourage their sustainability disclosures and improve sustainability performance. As global businesses increase their accountability on human rights risks in their supply chain, we forged strategic partnerships to help SME clients with high potential human rights risks to increase their awareness and to address these risks with best practices.

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ADVANCING FINANCIAL INCLUSION

Financial inclusion is a cornerstone of global sustainable development and a material matter for CIMB. Our presence in many ASEAN markets equips us with opportunities to build an inclusive financing ecosystem, ultimately reducing inequality from multiple perspectives.

Aligned with our commitment to the UN Principles of Responsible Banking, we have set ambitious targets to improve the financial health of prioritised groups. By 2026, our goal is to expand access to a range of wealth-building financial services, starting in Malaysia. We are actively working on setting similar targets for our other markets in 2024. Our dedication to advancing financial inclusion underscores our commitment to creating value for our stakeholders and fostering equitable development across the communities we serve.

KEEPING OUR CUSTOMERS SAFE

Safeguarding the security and trust of our customers has always been mission-critical at CIMB. As we continue to make banking simpler, better and faster, technology has become central to our mission. While it offers unparalleled convenience and efficiency, technology in the digital era also presents new and ever-evolving challenges. Our customers and the Bank itself are now exposed to increasingly sophisticated cyber threats and financial scams.

To this end, we have proactively implemented a robust suite of cybersecurity measures. These measures fortify our defences against unauthorised access to our customers' accounts and also empower our customers with greater control, enabling them to respond effectively and prevent potential scams. The tangible impact of these efforts is evident in the notable decline in reported cases of financial scams since the introduction of our enhanced security measures.



Our new 2024 sustainable finance target now stands at

RM100 BILLION



We mobilised

RM32.4 BILLION

in sustainable finance to support our clients in their journeys towards a low-carbon and sustainable economy in 2023

EMPOWERING OUR EPIC WORKFORCE

With over 33,000 dedicated individuals across the region, we prioritise the wellbeing and professional growth of our workforce. Our goal is to cultivate a workplace that promotes engagement, empowers success and prepares for the future. As we strive to achieve our purpose of becoming a high-performing, sustainable organisation that creates net positive impact for our customers and society, our employees are united by our EPICC values: Enabling Talent, Passion, Integrity, Collaboration and Customer Centricity.

We are committed to building a world-class workforce that delivers exceptional results. This year, we introduced three signature leadership programmes in collaboration with the best business schools in the world, such as the International Institute for Management Development Business School. These programmes cater to emerging leaders at all levels within the Group. Our aim is to nurture future leaders who will drive positive change and innovation for the greater good.

To build the required capabilities and to embed a sustainability mindset, we established the Sustainability Academy in 2022. In 2023, we built development trajectories for 10 roles that are pivotal to sustainable finance at CIMB. We also continued equipping our top and middle management, including Board members and over 500 key leaders across the Group, with specialised training through the Cambridge Institute for Sustainability Leadership. We aim to extend our training programmes in stages in 2024, reinforcing our vision of sustainability across every level of the organisation.

SUPPORTING LOCAL COMMUNITIES

As a banking leader in ASEAN, we have the responsibility as a corporate citizen to use our reach, resources and influence for good and to bring about wide-ranging impacts on communities in the markets where we operate. The commitment drives us to make a positive difference through our products and services. One such initiative is the CIMB Islamic EcoSave Savings Account-i. Since its inception in 2008, we have channelled over RM8 million ringgit towards environmental projects that impact local communities. This year, we expanded our efforts and onboarded our first partner in Sabah to work on protecting watersheds that supply water to the city of Kota Kinabalu, a metropolis with a population of over 250,000.

Through CIMB Foundation, the Group disbursed RM32.9 million in grants to community-based organisations and those in need. These grants support a wide range of programmes that drive meaningful social and environmental benefits. We focus our efforts where help is most needed, and where we are best placed to provide support. For example, one of our flagship programmes focuses on enhancing financial literacy among young adults and underserved communities – an essential life skill in today's digital economy.

Our commitment extends beyond financial support. We are humbled by the generosity of our employees who invest their time and effort into local causes in their own capacity. Across the region, our teams have contributed over 203,000 hours to local causes that are important to them.

Through our strategic partnerships and targeted initiatives, we strive to build a sustainable future where local communities flourish, with the businesses within them prioritising social justice and ethical business principles for the betterment of society.



In 2024, we will embark on the journey to develop our next six-year sustainability roadmap, which will lead us to 2030, when the Sustainable Development Goals are due to be achieved, marking a significant milestone towards achieving Net Zero by 2050.



EMBRACING THE JOURNEY AHEAD

Over the past four years, purpose-driven sustainability has been at the forefront of our Forward23+ strategic plan. We have celebrated numerous milestones along the way, but as we move forward, the expectations of our stakeholders will continue to increase, along with our own determination to do more. We recognise the urgent need for action as the climate crisis looms large, further exacerbating the state of other important planetary boundaries such as biodiversity and freshwater availability. Without effective intervention, we face the grim prospects of more displaced communities, rising sea levels and the severe disruptions caused by extreme weather. Such challenges will lead to economic slowdowns, affecting lives and supply chains alike. This is why we will continue to focus our efforts to enable and support the systemic changes needed to ensure a future where humanity continues to thrive.

In 2024, we will embark on the journey to develop our next six-year sustainability roadmap, which will lead us to 2030, when the Sustainable Development Goals are due to be achieved, marking a significant milestone towards achieving Net Zero by 2050. It is a moment to pause and reflect on how far we have come and to chart the course for scaling up and accelerating our efforts. We cannot express enough gratitude to our valued customers, dedicated employees, trusted vendors, and supportive business partners, regulators as well as investors, for their partnership on our sustainability journey. This is a journey that none of us can undertake alone, but together, we can make a difference that resonates farther and wider.

As we persist in actively catalysing and championing environmentally and socially-responsible practices within the Group and our spheres of influence, we eagerly look forward to working closely with our key stakeholders on this critical mission. Together, let us lead with a difference, creating meaningful, positive and impactful changes across ASEAN, enabling a brighter future for all.

Datuk Mohd Nasir Ahmad
Chairman

Dato' Abdul Rahman Ahmad
Group Chief Executive Officer/
Executive Director CIMB Group

Doing Well by Doing Good



In October 2023, we welcomed Ms. Ho Yuet Mee as the new Chair of the Group Sustainability and Governance Committee (GSGC). In this interview, Ms. Ho shares her vision on sustainability for CIMB and provides a glimpse of what can be expected in the next leg of the Bank's contributions towards building a more resilient and sustainable world.

Q: AS THE NEW CHAIR OF GSGC, WHAT ARE YOUR ASPIRATIONS FOR THE ORGANISATION, AND WHAT WOULD THE GUIDING PRINCIPLES BE FOR YOURSELF AND CIMB?

First, I would like to thank and recognise the work of Ms. Teoh Su Yin, the first Chair of GSGC. Under her leadership, CIMB forged new ground in our sustainability journey, and we will miss her valuable insights and contributions.

I firmly believe that a company does well when it does good. I define "doing well" as growing in resilience and thriving in the complex and volatile landscape of today's business environment. This means the company grows from a foundation of having a clear organisational purpose and strategy that prioritises long-term value creation and safeguards the trust of our stakeholders. Resilience also means being able to resist immediate or short-term pressure to succumb to decisions that run counter to our long view perspective; instead, it necessitates us to look beyond nominal quarter-to-quarter numbers and examine our real progress through a long-term value-creation lens. This happens when environmental, social and governance dimensions, alongside economic factors, are key drivers in our decision-making processes across the organisation.

Having people whose personal values and goals are aligned with CIMB's is essential. In this increasingly interconnected and interdependent environment, a shared sense of purpose connects individual contributions to the overall mission of the organisation, which can foster a clearer sense of direction and potentially enhance job satisfaction. To do this, we need to have a strong ecosystem of robust corporate governance to establish the nurturing conditions necessary for everyone to move in-step in the right direction, in the right way, towards the same purpose. This includes ensuring that we have effective processes and structures in place. When our purpose, people, and culture are aligned, it establishes a foundation for a cohesive and purpose-driven workplace. We become more resilient.

Q: IN TODAY'S INCREASINGLY SUSTAINABILITY-FOCUSED BUSINESS ENVIRONMENT, WHAT DOES STRIKING A BALANCE BETWEEN BEING A GREAT COMPANY AND A COMPANY THAT IS GREAT AT ESG LOOK LIKE TO YOU?

The two are not mutually exclusive. They are both about investing in the long term and creating value for stakeholders. If you look at what makes a company great, the basic drivers are quality management, quality people, and quality leadership across the organisation that makes quality decisions. These are intangible assets that create long-term financial and social returns. That we must run our businesses sustainably – a critical element to sustain long-term value creation – is yet another driver in this variety of things that are important for running a great company.

The difference is sustainability is a new development in recent decades in response to our collective awakened consciousness to urgent issues such as extreme climate change, dramatic biodiversity loss, and continuing social inequities – giving rise to a whole body of language, science, nuances, approaches, and technical solutions. This focus is constructive as we now have a common frame of reference and can have more meaningful conversations about it with, for example, our clients and employees. But sustainability really should not be treated any differently from any other important intangible assets that affect both financial and social value, such as a strong company culture of integrity and innovative capability. This also implies that sustainability should be mainstreamed to become a ubiquitous consideration, just as how other key drivers of long-term value are considered by decision makers across an organisation.

Q: HOW DO YOU SEE THE GROWING EMPHASIS ON STAKEHOLDER ENGAGEMENT AS A PIVOTAL SUSTAINABILITY TREND THIS YEAR?

We have always acted knowing that stakeholder engagement positively contributes towards long-term meaningful impact. For plans to succeed, it is essential to have the buy-in of all

vested parties. This is particularly crucial in what we are trying to achieve at CIMB, which is to build a resilient organisation that can withstand the test of time for our shareholders and all other stakeholders. This requires a comprehensive and long-term view, which sometimes needs stakeholders to adjust their lenses to look beyond immediate returns.

We proactively search for and create opportunities to engage stakeholders on our vision, medium- and long-term goals and plans, as well as solicit their input. For example, our latest net zero interim target for Palm Oil, and the corresponding solutions, were set in discussion with our clients. We also have flagship calendar events such as The Cooler Earth Sustainability Summit and CIMB Group Investor Day to interact and exchange insights with our clients and industry colleagues. For our people, we hold regular town halls both locally and regionally, as well as create opportunities that encourage and empower bottom-up solutions to address improvement areas within the Bank, such as through the CIMB Innovator programme. We are also exploring ways to create stronger alignment to our shared purpose.

Q: WHEN IT COMES TO REGULATORY AND INDUSTRY DEVELOPMENTS, WHAT DO YOU SEE ON THE HORIZON THAT CAN IMPACT CIMB'S BUSINESS AND JOURNEY?

On the global level, the ISSB (International Sustainability Standards Board) has released the IFRS S1 and S2 standards as a common language to disclose sustainability risks and opportunities. In our Southeast Asian backyard, Bursa Malaysia and the London Stock Exchange Group are rolling out a new platform to allow companies to calculate the impact of their carbon emissions. The Indonesian Financial Services Authority has officially released regulations on carbon trading via the Indonesia Carbon Exchange, and Singapore is looking at making climate reporting mandatory for listed and large non-listed companies. These are just a few of several important developments in the immediate and medium-term horizon. We are examining and

monitoring them closely to ensure that our policies and practices are, accordingly, up-to-date.

Of particular interest to me, in part because of my own passion in the subject of biodiversity, are the final recommendations from the Taskforce on Nature-related Financial Disclosures (TNFD) that were published in September 2023. The paper has emphatically stressed that nature must be considered "a core and strategic risk management issue, alongside climate change". I know that the implications are daunting, but this is a necessary move in the right direction that addresses shortcomings in accounting for the social and environmental externalities associated with biodiversity loss, resulting from underpricing of biodiversity risks and misinformed investment and policy decisions.

Q: WHAT ARE SOME OF THE OPPORTUNITIES AND CHALLENGES THAT YOU HAVE IDENTIFIED FOR 2024 AND HOW DO YOU SEE CIMB ADDRESSING THEM?

One thing that continues to stand out is that there are many businesses – large and small – which are keen to embark on the decarbonisation process but lack the knowledge on how to do so. Financial institutions such as CIMB sit in a unique position, directing capital across the real economy. We can meaningfully direct and leverage our influence to work with these companies to encourage science-based Net Zero transitions and provide the necessary financial support. To advance this, CIMB has in the past year, prioritised and published sector specific guidelines for sectors with high sustainability risks to enable us to have more comprehensive engagements with our clients on their transition plans and financing requirements. We expect this will also spur innovation in financial structures that can better serve our clients' particular needs as they progress on their unique transition journeys.

One area I would like to see continued attention on is financial inclusion and health. We are all aware that in recent years, inflation has been soaring and real wages

falling, resulting in the cost-of-living crisis hitting hardest the most vulnerable segments in our society. I am pleased that CIMB is doing our part to help shape a just transition. We have programmes such as GOpinjam, GOinvest and GO+ to assist the affected populations take that step up the rung of financial mobility. Crucially too, a key advantage CIMB possesses is our vast network distribution reaching grassroot communities throughout the region. Our branches have the capability to engage more with local communities, fostering inclusivity in accessing financial knowledge and products. Supporting communities in need to gain essential financial literacy and access fair products is crucial for creating a more equitable playing field.

On the macro level, the issue of global warming is now at a stage of urgency. While a lot is being done on curbing emissions, experts suggest that the world collectively will not be able to limit global warming to the recommended 1.5 degrees Celsius above pre-industrial levels. Is this because we have not yet taken appropriate action to protect and restore nature? We know biodiversity and ecosystem services underpin many aspects of economic activity, yet they are deteriorating at an unprecedented level, with potentially far-reaching implications for economies worldwide. To drive critical protection and management of our biodiversity and ecosystem services, it is estimated that there is currently a biodiversity financing gap of around US\$700 billion a year. Hence, I nurse a hope to see a greater trend of private finance working together with multilateral banks and with the support of governments and regulators in this respect. I see the release of TNFD's recommendations as a catalyst for this endeavour. Just as how CIMB has made reasonably good progress in the Net Zero journey thus far, I am confident that CIMB will step up to contribute meaningfully to mobilise private finance for nature in our biodiverse region.



Ms. Ho Yuet Mee

Chairperson, Group Sustainability and Governance Committee